



# Electronic Account Management: Streamlining Processes & Reducing Costs for State Treasurers

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*In state government, change is a way of life. Each election year brings new staff and the need to change the signatories on multiple bank accounts. In addition, state treasurers are responsible for investments such as college and state retirement funds that make use of both domestic and international investments.*

*Managing multiple banks, multiple currencies and multiple locations within a complex regulatory environment is challenging. Having multiple employees dedicated to this process or traveling to a bank to open or close an account or update signatories simply isn't feasible nor is it a prudent way to spend taxpayer dollars.*

*By delivering trusted identity solutions for government agencies, financial institutions, corporations and individuals throughout the world, IdenTrust provides state treasurers with a globally interoperable network and common interface to financial institutions that simplifies and secures all treasurer/bank interactions.*

## The Account Opening and Maintenance Challenge

To open and close accounts, state treasurers or their designees typically present credentials and documentation to a bank customer service or account officer. To change signatories, delegate authority, and perform other account maintenance-related activities, treasurers often must visit the branch where the account was booked.

To complicate matters further, each financial institution the state treasury does business with has its own policies, procedures and forms for account opening and maintenance and unique processes for authenticating/vetting the treasurer's credentials. State treasurers' need at least one and often many employees to manage these multiple accounts.

Although the fax machine and Federal Express have improved the account maintenance process and helped to reduce in-person branch visits, manual processes are still a fundamental part of the process. For example, a bank account officer can visit the treasurer and use a laptop to enter credential information and save the treasurer a trip to the bank, but the process still relies on in-person authentication and vetting and does not dramatically reduce the overall time, cost or inconsistency of completing this process across multiple institutions.

In addition, regulations such as the USA Patriot Act, Bank Secrecy Act, Sarbanes-Oxley, HIPAA, Gramm-Leach-Bliley and Basel II require treasurers to provide a full audit trail, increasing costs and complexity.

## Enter TWIST

TWIST, the Transaction Workflow Innovation Standards Team, is an industry group focused on streamlining the account opening process and facilitating Straight Through Processing (STP) of electronic account management. TWIST seeks to deliver standards in three areas of financial processing: wholesale financial market transaction processing, commercial payments and collections, and working capital finance and cash management. This standards body has decided to take on the challenge of streamlining account opening and maintenance.

Creating standards for consistency in the account opening and maintenance process will eliminate costly and time consuming manual processing, improve audit trails to support ever expanding compliance reporting and tracking, and insure that the authentication process is based upon published and legally vetted guidelines and procedures that can be used interoperably throughout the world.

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## Corporates, Banks Sign On

TWIST was originally driven by the treasury operations of energy and petroleum provider Shell. Today, TWIST's members include corporate treasuries, bank fund managers, system suppliers, electronic trading platforms, market infrastructure providers and learning organizations from across the top companies in the world.

In the fourth quarter of 2005, TWIST formed the Bank Mandate Working Group (BMWG) to standardize the account opening and maintenance process. Nokia, AB-GSK, ICI, Microsoft, General Electric, Shell, Oracle, Travelex, GlaxoSmithKline, Footlocker, Proctor and Gamble and other large corporations saw the benefits of standardization and immediately joined BMWG.

Financial institutions including Citibank, JP Morgan Chase, Hong Kong Shanghai Bancorp (HSBC), Standard Chartered Bank, Royal Bank of Scotland, Deutsche Bank and Barclays joined BMWG to support the account needs of their large customers.

## Proof of Concept Works for State Treasurers

Hewlett Packard, Shell, Proctor & Gamble, Citibank and IdenTrust kicked off the Bank Mandate Development Pilot in the second quarter of 2006 to prove the feasibility of developing electronic interoperability across institutions. TWIST adopted the IdenTrust policy for authentication and vetting based on bank-regulated Know Your Customer (KYC) guidelines. Citibank built a portal to facilitate participation from other banks.

These corporations, with Shell and HP already in pilot, will use bank-issued digital certificates to open and maintain accounts across IdenTrust member banks. Likewise, state treasurers can use the standards created by both IdenTrust and TWIST to finally have consistency across all the institutions that they do business through. Banks join the IdenTrust network and issue IdenTrust identities to all state treasury signatories, enabling state treasuries to request electronic account management from their financial institutions.

Though in its early stages of deployment globally, the return on investment and total cost of ownership has been quantified by the corporations participating in the TWIST pilot, proving that this totally electronic approach pays for itself rapidly. In addition, the convenience of electronically accessing audit information reduces compliance reporting costs.

## The IdenTrust Role

IdenTrust was formed in the late 1990's to reduce the risks of doing financial transactions over the Internet. Working with a global group of banks, IdenTrust developed rules, guidelines and procedures with agreed upon interoperability throughout the world that meets FATF, UN, and World Trade Organization (WTO) guidelines for issuing digital signatures by banks. These rules, guidelines, and procedures are recognized, accepted and legally binding in 93 countries.

As a regulated financial institution audited by the Office of the Comptroller for the Currency (OCC) in the United States, IdenTrust must pass yearly audits of its rules set that incorporates the KYC guidelines and accommodates nuances in the KYC approach across country borders as approved by the financial system regulator in that country.

The IdenTrust rules set also limits liability for these certificates across its bank members. Thus, IdenTrust brings policies, a legal framework, a hosted operation and, through partners, the technology to supply a comprehensive solution to identity authentication.

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Other market approaches offer only the technology or operational hosting component or policies that are not globally interoperable. Mimicking the membership model deployed by MasterCard, Visa and SWIFT, IdenTrust can insure consistency and standardization across treasurer/banking relationships.

### The IdenTrust 3-Phase Process

IdenTrust's 3-phase process is designed to enable state treasuries to implement electronic account management quickly and easily.

During Phase 1: Discovery and Design, IdenTrust pinpoints the processes to automate. During a mini-audit, IdenTrust identifies the time lags and delays in the current account opening and maintenance process and proposes new processes that use the IdenTrust Trust Network, TrustSign and SSL certificates.

In Phase 2: Pilot Implementation, IdenTrust implements the new bank account opening process for the state's selected banks. Implementation includes training state employees, managing the project and rollout, identifying additional areas of automation and implementing TrustSign to create legally binding electronic documents. Phase 3: Rollout completes the electronic account management process.

### One of Many Processes

Electronic account management is just one of many applications state treasurers can deploy with digital certificates and signatures. For example, IdenTrust is working closely with leading global application suppliers to incorporate digital identities and authentication into the supply chain, enabling purchasers to rely upon small and medium sized suppliers, and, certifying who touched each link in the supply chain through digital signatures. This delivers a comprehensive solution to identity authentication that incorporates policies, guidelines and a legal framework for issuing and using these certificates to truly create a spectrum of trust. IdenTrust delivers across that spectrum.

## ABOUT IDENTRUST

IdenTrust is the global leader in trusted identity solutions, recognized by global financial institutions, government agencies and departments, and commercial organizations around the world. IdenTrust enables organizations to effectively manage the risks associated with identity authentication; work interoperably with countries around the world; minimize investment in creating their own policies and legal frameworks; and deploy a spectrum of products insuring trust, smarter, faster, and more cost effectively.

The only bank-developed identity authentication system, IdenTrust provides a unique legally and technologically interoperable environment for authenticating and using identities worldwide. The IdenTrust Trust Infrastructure is predicated on a proprietary framework that combines policies, legal framework, trusted operations and technology (P.L.O.T.) to create a comprehensive environment for issuing trusted identities. IdenTrust is the only company to provide a solution incorporating all four of these elements. Customer agreements are valid, binding and enforceable in more than 90 countries. IdenTrust identities are globally interoperable under uniform private contracts recognized in countries around the world. Competing offerings, in contrast, rely on a dizzying maze of public laws that vary from jurisdiction to jurisdiction. Additionally, the IdenTrust Trust Infrastructure maintains the privacy of each and every transaction processed by reading only digital certificate information, not the message itself.

Additional information can be found at [www.IdenTrust.com](http://www.IdenTrust.com).

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